

Message Text

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PAGE 01 JAKART 10523 111006Z

21

ACTION EB-07

INFO OCT-01 EA-07 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03

SS-15 NSC-05 /058 W

----- 082764

R 110755Z AUG 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6135

INFO AMEMBASSY BANGKOK

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

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E.O. 11652: N/A

TAGS: ECON, EAIR, ID

SUBJECT: PAN AM MANAGER'S COMMENTS ON CIVAIR NEGOTIATIONS,
HAJ CHARTERS AND GARUDA SMUGGLING

REF : (A) JAKARTA 9883, (B) JAKARTA 9965, (C) JAKARTA 7689,
(D) JAKARTA 10322, (E) JAKARTA 10153

1. GEORGE RICKABAUGH, RECENTLY ARRIVED PAN AM MANAGER FOR
INDONESIA, CAME TO EMBASSY MORNING OF 9 AUGUST FOR A GET-
ACQUAINTED CHAT WITH EMBOFF HANDLING CIVAIR MATTERS.
RICKABAUGH HAS BEEN IN JAKARTA FOR TWO MONTHS, HAVING RE-
PLACED FORMER MANAGER RANDY WILLIAMS. ECON SECTION HAS SO
FAR HAD GOOD WORKING RELATIONSHIP WITH RICKABAUGH VIA
TELEPHONE.

2. RICKABAUGH ASKED IF WE HAD HEARD ANYTHING ABOUT ANY GOI
DECISION ON PAN AM'S MOST RECENT SCHEDULE PROPOSAL SINCE
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PAGE 02 JAKART 10523 111006Z

AMBASSADOR AND EMBOFF HAD TALKED WITH MINISTER OF COMMUNICATIONS

EMIL SALIM ON 27 JULY (REF A). WE HADN'T, AND IF SALIM IS TO BE BELIEVED, WE PROBABLY WOULDN'T HEAR ANYTHING AT LEAST UNTIL AFTER BEGINNING OF CAB HEARINGS IN WASHINGTON ON GARUDA'S APPLICATION FOR FLIGHTS FROM INDONESIA TO US. THE OFT-POSTPONED HEARINGS ARE, AT LATEST WORD, SET FOR SOMETIME AFTER 20 AUGUST (REF B). PAN AM HAD HOPED TO HAVE THEIR NEW SCHEDULE IN EFFECT ON 1 SEPTEMBER. RICKABAUGH SAID HE CAN IMPLEMENT A NEW SCHEDULE ON ABOUT TWO WEEKS NOTICE IF HE HAS TO.

3. EMBOFF ASKED IF PAN AM COULD CONTINUE TO PROFITABLY SERVE THE INDONESIAN MARKET IN VIEW OF THE INABILITY OF THE GOI AND THE USG TO COME TO A NEW BILATERAL AIR AGREEMENT AND INCREASING COMPETITION FROM NATIONAL, REGIONAL CARRIERS IN ASIA. RICKABAUGH SAID IT COULD, BUT THAT HALCYON DAYS OF SEVERAL YEARS AGO ARE OVER. MOST OF PAN AM'S ALMOST-CAPTIVE BUSINESS WAS FERRYING OIL PEOPLE FROM INDONESIA TO US AND BACK ON A FREQUENT AND CONSISTENT SCHEDULE OF WORK, HOME LEAVE, AND RETURN. THE SLOWDOWN IN OIL EXPLORATION HAS CUT SEVERLY INTO THIS MARKET. MOREOVER, HE QUESTIONED LONG-TERM PROFITABILITY OF SERVING COMPETITIVE BALI MARKET, SINCE MOST OF PAN AM'S TRAFFIC ON THAT ROUTE COMES IN A SPURT OF ONLY 3-4 MONTHS OUT OF THE YEAR, WHILE JAKARTA WAS AT LEAST CONSISTENT. PAN AM IS STILL HOLDING OUT HOPE FOR A LARGE AIR FREIGHT BUSINESS SOMEDAY, HE SAID, BUT CURRENTLY FREIGHT TRAFFIC IS TOO EXPENSIVE BECAUSE OF ALL THE QUOTE INVISIBLE PAYMENTS REQUIRED UNQUOTE. MOREOVER, GROUND HANDLING PROCEDURES THAT TAKE 3-4 WEEKS OR MORE NEGATE ADVANTAGES OF GETTING GOODS RAPIDLY IN-COUNTRY BY AIR IN THE FIRST PLACE.

4. RICKABAUGH SAID HE HAS BEEN OUT OF TOUCH WITH GOI MINISTRY OF COMMUNICATIONS FOR SEVERAL DAYS BECAUSE, HE WAS TOLD, HIGH MINISTRY OFFICIALS ARE IN JIDDA TRYING TO STRAIGHTEN OUT SOME PROBLEMS WITH THIS YEAR'S HAJ CHARTER PROGRAM (REF C). IT SEEMS THAT TICKET SALES FOR CHARTER FLIGHTS TO SAUDI ARABIA ARE LANGUID. ONLY SOME 9000 SEATS HAVE BEEN SOLD TO DATE, LIMITED OFFICIAL USE

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PAGE 03 JAKARTA 10523 111006Z

HE SAID, IN CONTRAST TO LAST YEAR WHEN ALMOST FOUR TIMES THAT AMOUNT HAD BEEN SOLD BY THIS TIME.

5. RICKABAUGH CITED SEVERAL REASONS FOR SLACK DEMAND, NOT LEAST OF WHICH WAS A DRAMATIC INCREASE IN PRICE OF GOI'S CHARTER PACKAGE TO \$2100 FROM SOME \$1600 LAST YEAR. HE COMMENTED THAT SOMEBODY IS REALLY RAKING IN A PROFIT BECAUSE IT COST THE AIRLINES ONLY

ABOUT \$400 PER PERSON FOR ACTUAL FLIGHT, AND SERVICES SUPPLIED IN SAUDI ARABIA CAN'T BE WORTH MORE THAN A FEW HUNDRED ON TOP OF THAT. OTHER REASONS CITED FOR LACK OF HAJ ENTHUSIASM BESIDES HIGH PRICE ARE ADVERSE EFFECT OF LAST YEAR'S SERIOUS FIRE AT ONE OF THE PILGRIMAGE TENTING GROUNDS, AND PERHAPS A DESIRE BY GOI OFFICIALS AND OTHERS WHO, EVEN BEING ABLE TO AFFORD THE TRIP, PREFER TO STAY CLOSER TO HOME BECAUSE OF IMPENDING ELECTIONS EARLY NEXT YEAR.

6. RICKABAUGH SAID HE IS HAVING DIFFICULTY CONVINCING PAN AM HEADQUARTERS IN NEW YORK OF NEED TO APPROACH WARILY THE HAJ CHARTER BUSINESS. MERPATI, WHICH SUBCONTRACTS ITS 10,000 PASSENGER SHARE OF HAJ CHARTERS TO PAN AM, IS APPARENTLY DOING A GOOD JOB OF CONVINCING PAN AM (NEW YORK) THAT ALL IS GOING WELL.

7. EMBOFF ASKED RICKABAUGH IF HE HAD ANY INFORMATION OF PURPORTED PILOT ABSENTEEISM AMONG GARUDA DOMESTIC PILOTS (REF D). HE SAID HE WASN'T AWARE OF THIS WORK ACTION BUT SURMISED THAT IT WAS A LOGICAL PROTEST TO RECENT DETAINMENT OF SOME 27 GARUDA PILOTS FOR INVESTIGATION ON SMUGGLING CHARGES (REF E). HE SAID SMUGGLING IS REPORTEDLY SO FREQUENT AND PROFITABLE AMONG AIRLINE CREWS THAT MANY CAPABLE DC-9 PILOTS HAVE REFUSED TO ACCEPT UPGRADING TO DC-8 OR DC-10 STATUS BECAUSE THE ADDITIONAL SALARY FROM HIGHER POSITIONS WOULD NOT COMPENSATE FOR TOTAL INCOME LOST FROM SALARY AND CONTRABAND ON ROUTES SERVED BY DC-9'S, WHICH ARE MORE LUCRATIVE FOR SMUGGLING. HE ASSUMED THE GOI SIMPLY FOCUSED INVESTIGATION ON PILOTS WHOSE PERSONNEL RECORDS SHOWED THEY HAD PASSED UP OPPORTUNITIES FOR HIGHER RATINGS. RICKABAUGH ALSO COMMENTED THAT FLIGHT LIMITED OFFICIAL USE

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PAGE 04 JAKART 10523 111006Z

CREWS--ESPECIALLY STEWARDESSES--ARE WOEFULLY UNDERPAID (THEY ONLY MAKE ABOUT \$80 PER MONTH, HE SAID) AND ALMOST OUT OF NECESSITY MUST SUPPLEMENT THEIR INCOME BY SMUGGLING SMALL ITEMS--A WATCH OR A PIECE OF JEWELRY--ON ALMOST EVERY INTERNATIONAL FLIGHT. NEWSOM

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